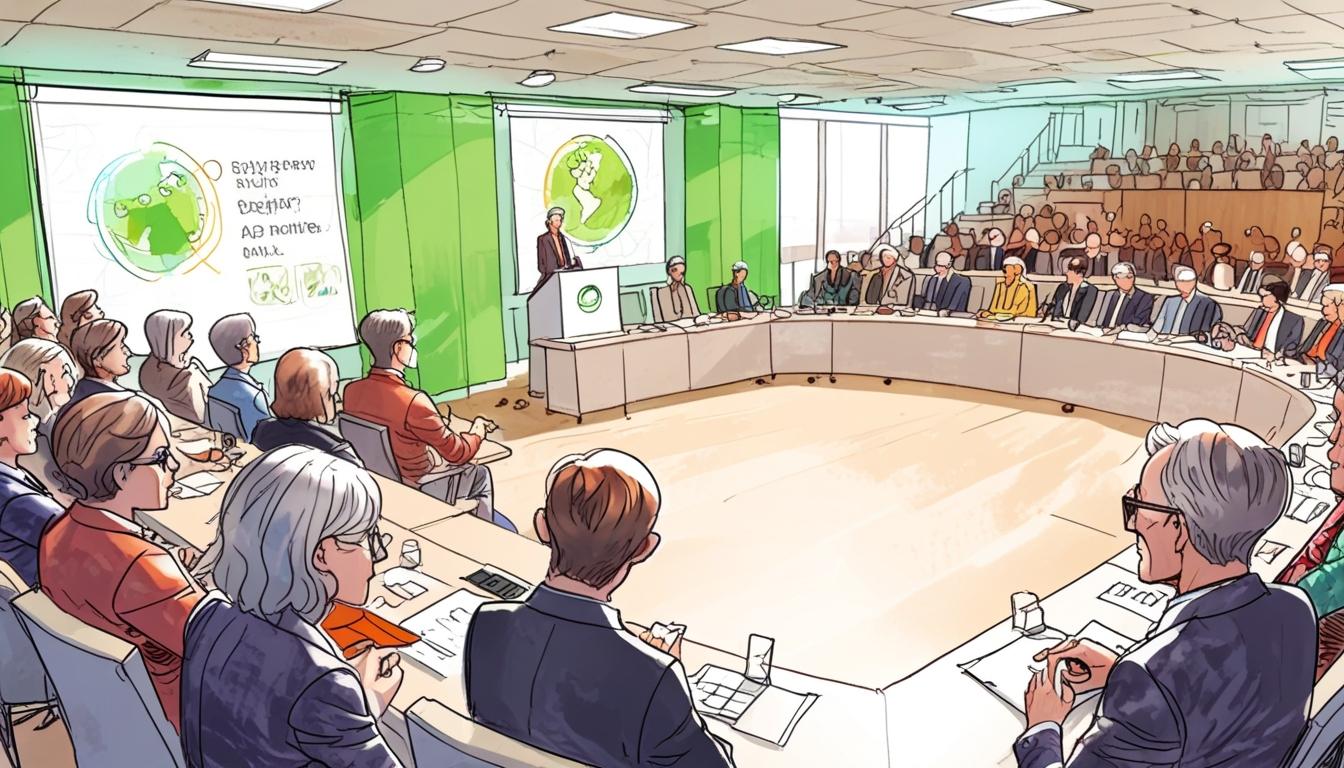
# BP faces shareholder revolt over controversial climate strategy shift



BP is poised for a contentious shareholders’ meeting at its Sunbury-on-Thames headquarters this Thursday, as competing pressures emerge over the company’s revised climate strategy. The oil major’s board will face demands both from those urging a pullback on its recent climate ambitions and from others protesting against what they view as a retreat on environmental commitments.

Earlier this year, BP announced a significant shift away from its previous focus on investments in renewable energy, deciding instead to prioritise increased oil and gas production. The company stated that it had moved “too far, too fast” in its green energy plans. This repositioning followed pressure from some shareholders advocating for a renewed emphasis on fossil fuel development, with the aim of boosting BP’s financial performance and share price, which have trailed behind competitors.

The AGM marks the start of the annual proxy season amid heightened uncertainty, influenced in part by policies emerging from the United States. US President Donald Trump’s election has accelerated a corporate shift away from environmental, social and governance (ESG) criteria, encouraging energy companies to refocus on fossil fuels. This broader market dynamic underpins the differing views among BP’s investors.

However, BP’s movement away from green energy has drawn criticism from environmental groups and runs counter to international energy agency guidelines aimed at limiting climate change. A coalition of 48 institutional investors recently censured BP for not affording shareholders a direct vote on its revised strategy. Their concern highlights an unusual tension between shareholder democracy and corporate governance at the oil major.

In a notable protest, some investors intend to vote against the resolution to reappoint BP’s chairman, Helge Lund, during Thursday’s meeting. Mr Lund has played a pivotal role in BP’s previous climate agenda but has announced plans to step down “in due course” as the company charts a new direction. Tarek Bouhouch of the activist group Follow This characterised the opposition vote as having a “sole ESG purpose” and said it is meant to deliver a “strong signal” about shareholder dissatisfaction. “BP has made a hasty, we even say panic-mode, U-turn on their climate promises,” he stated to the PA news agency. “It took them a couple of weeks to scrub clear their five-year-old pledges.”

Follow This, known for filing climate-related shareholder resolutions at major oil companies, has opted not to submit its typical proposals this year. Mr Bouhouch explained this decision arose due to political setbacks to ESG activism and legal threats, including a lawsuit from ExxonMobil filed last year. The group hopes the vote opposing Mr Lund’s reappointment will reach at least 10%, potentially setting a record for dissent against board member appointments at UK oil companies over the past decade.

The trend of reduced shareholder activism extends beyond BP. According to a report by activist group As You Sow, as of 21 February, investors had filed 355 shareholder proposals on ESG matters for the season, a significant drop compared with 536 at the same point in 2024 and 542 in 2023. Penny Fowler, co-director of corporate engagement at ShareAction, noted that responsible investors remain concerned about the “long-term financial risks of compounding climate change” and are urging companies to contribute to mitigating its worst effects. She remarked, “Communities around the world are grappling with the snowballing of harmful impacts from our changing climate, from super-storms to extreme heat and drought.”

BP’s climate ambitions once ranked among the most ambitious in the fossil fuel sector. In 2020, it committed to reducing oil and gas production by 40% by 2030 while increasing investment in renewable energy. The company’s revised outlook now aims to expand production to between 2.3 million and 2.5 million barrels of oil per day by 2030.

This shift stands in contrast to guidance from the International Energy Agency (IEA), which has asserted that no new fossil fuel projects are compatible with limiting global warming to 1.5°C above pre-industrial levels—a goal endorsed by most countries worldwide. BP’s evolving strategy and the shareholder debates it is provoking exemplify the complex balancing act facing energy firms amid competing financial, regulatory and environmental pressures.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.globalwitness.org/en/press-releases/bps-climate-u-turn-set-to-cause-72000-extra-heat-deaths/> - This article supports the claim about BP's shift away from its climate targets, particularly its decision to scrap a 40% reduction in oil and gas production by 2030, which could lead to significant environmental impacts.
* <https://www.bp.com/en/global/corporate/sustainability/getting-to-net-zero.html> - This page explains BP's current sustainability strategy, including its aim to reach net zero by 2050, while highlighting ongoing efforts in both fossil fuels and renewable energy sectors.
* <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-climate-policy-positions.pdf> - This document outlines BP's high-level climate policy positions, emphasizing support for policies that aid in achieving net-zero goals consistent with the Paris Agreement.
* <https://reclaimfinance.org/site/wp-content/uploads/2023/04/20230413-briefing-climate-strategy-assessment-bp.pdf> - The report assesses BP's climate strategy, focusing on how investments in oil and gas outweigh those in renewable energy and detailing shifts in emission reduction targets.
* <https://www.esgdive.com/news/bp-cuts-renewable-spending-doubles-down-on-fossil-fuels-in-strategy-reset/741287/> - This article highlights BP's strategy shift towards increased investment in fossil fuels and decreased spending on renewable energy, impacting its climate ambitions.